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AN INDEPENDENT SOCIALIST MAGAZINE

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William K. Tabb

The Third Way
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Rekindling Socialist Imagination
Sam Gindin and Leo Panitch

Books:

Restoring Memory
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Atomic Mayhem in South Asia
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Editors:
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Vicki Larson
Assistant Editor

Martin Paddio
Circulation Manager

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NOTES FROM THE EDITORS

What do Helmut Kohl and Elián Gonzáles have in common? What could possibly unite the destinies of the huge former Chancellor of Germany, who for so many years dominated European politics and played the part of senior statesman on the global stage, and the little boy whose only political role so far has been as pawn in the hands of fading right-wing Cuban fanatics in Miami?

Back in November of last year, we talked about how the legacy of the Cold War still dominates the news in one way or another. In recent weeks, we've been struck yet again by how persistently this theme keeps playing itself out in events that, on the face of it, have nothing to do with each other—like the stories of the German Chancellor and the Cuban six-year-old.

The tale of Kohl has been treated by the media largely as a simple story of political corruption, yet another sordidly familiar instance of secret donations to a political party, presumably in exchange for policy favors. But once or twice, even the U.S. press has noticed that there's a bigger story here. What marks out the case of Kohl is that it represents the end of an era not just in German politics but in the whole world order. Kohl refuses to accept that he did anything wrong because, in his eyes and those of other Christian Demo-

(continued on inside back cover)

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After Seattle: Understanding the Politics of Globalization

by William K. Tabb

The "Seattle Shock"—as *Business Week* called it in an editorial that warned of a popular backlash against "our very economic system"—reflects heartfelt indignation by the financial press at the intrusion of mass democracy into an elite discourse. In the *New York Times,* columnist Thomas Friedman raged at anti-World Trade Organization (WTO) protesters, whom he presents as "flat-earth advocates" duped by knaves like Pat Buchanan. Friedman, perhaps the most obtuse of the big-time columnists, complains that "What's crazy is that the protesters want the W.T.O. to become precisely what they accuse it of already being—a global government. They want it to set more rules—their rules, which would impose our labor and environmental standards on everyone else."[1]

It is beyond Friedman's understanding that the demonstrators want to democratize what has been an elite decision-making process, to challenge the global dominance of capital and capital's state institutions. The demonstrators know, and Fried-

William Tabb is the author of *Reconstituting Political Economy* (Routledge, 1999) and *The Amoral Elephant* (Monthly Review Press, forthcoming in 2000).

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man is outraged that others seem to agree, that there are choices other than the global governance by corporate capital. Most of the demonstrators, as the establishment press well understood, had the sort of class analysis which working people intuitively, if inchoately, often have. They have had enough of being told that globalization is good and that they should just shut up. Friedman was also clueless concerning the predominant politics. Few of the demonstrators supported the sort of negative nationalism Buchanan symbolizes, with its xenophobic and racist overtones. Rather what the Friedmans of the world are afraid of is the solidarity and internationalism of the movement, which prefigures a global movement from below—threatening, as *Business Week* points out, to rock the system. And if self-interest is not absent from the demands of trade unionists and others, it rarely is or should be. The proposals for confronting transnational capital are in class terms and, for the most part, inclusive.

What is to be done after Seattle is a question many people, including (but not only) activists, now confront. It is the one we take up here, in the context of an analysis of both the corporate media's response to the demonstrations in Seattle and the real issues of class power relations. It is an analysis which focuses on corporate control of policy making, addressing policies which weaken unions and diminish the lives and agency of working people, reduce the sphere of public service provision, and pit one community of workers against another. To this basic class analysis, environmentalists have added a powerful critique of corporate greed and of the single-minded pursuit of accumulation, which threatens the planet and all living things. A potentially powerful antisystemic movement is at an important point in its development.

It is to be expected that the "irrationality" of the demonstrators is woven through much of the commentary of the financial press. Typically, it appears with a tone of offended outrage by the transnational ruling class and its ideological flacks. Hot-tempered acting-out has suddenly replaced the usual temperate condescension to which we have grown accustomed in this dismal era of corporate triumphalism. Thus George

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Melloan, in an opinion piece in the *Wall Street Journal,* writes: "Given the virulence of their protests against the achievements of private capitalism, one can only assume that finally we have assembled in one place a representative collection of people who 'can't stand prosperity.'"[2] This theme—"you have never had it so good, and that it is private capitalism which has done all this for you"—is a view of globalization which is rejected by most Americans.

In a Pew Research Center nationwide survey conducted in April 1999, 43 percent of respondents said that in the future a global economy would help average Americans; 52 percent said it would hurt them. Support for globalization was strong only in high-income brackets. Among the majority of American families (those with incomes under fifty thousand dollars a year), a positive view of globalization was held by just 37 percent. Such differences are based on life experience. Kate Bronfenbrenner has done careful studies of the impact of the threat of runaway plants on unionization efforts and workers' ability to make demands for better wages and working conditions, and has shown that globalization in the form of plant closing threats and actual plant closings are extremely pervasive and effective components of U.S. employers' antilabor strategy. From 1993 to 1995, employers threatened to close plants in half of all certification elections. They have made good on such threats. The 15 percent shutdown rate within two years of certification election victories is triple the rate in the late 1980s, before the North American Free Trade Agreement (NAFTA) went into effect.

In the week following the Seattle WTO Ministerial meetings, *Business Week* ran a story about how General Electric (GE) suppliers are being pushed—indeed, forced on pain of losing their contracts—to close plants in the United States and set up in Mexico. GE even puts on "supplier migration" conferences to press the point. Their message is clearly presented in a quote the magazine offers from a corporate internal report: "Migrate or be out of business; not a matter of if, just when. This is not a seminar just to provide information. We expect you to move and move quickly."[3] GE is one of the world's

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largest corporations. It is highly profitable. But that is hardly the issue. What it wants is more and it will "squeeze lemons"—in one of the favorite phrases of its Chief Executive Officer—because it has the power to do so. The lemons are its workers and suppliers. That's capitalism. That's the way the system works and, as Martin Wolf, the *Financial Times* columnist, points out in a column entitled "WTO: In defense of global capitalism," that's why protesters don't like transnational corporations or the WTO, which does their bidding. "What the protestors against globalism share," he writes, "is dislike of the market economy. This passion brought the cranks, bullies and hypocrites to Seattle."[4] Leaving aside who the bullies and hypocrites are, we may note again the high crankiness quotient.

All this screaming like a stuck pig, to borrow a phrase from the British imperial legacy, is understandable. Trade used to be an issue quietly negotiated by the powerful behind closed doors. Forced to discuss the issues, the near universal response is, "But we did it all for you! We especially help the poor. How can you possibly be against free trade? It brings freedom, that's why we call it 'free' trade." *The Economist* puts an Indian child on its cover and features the theme: how dare these demonstrators try to take away her right to work? She is poor. She wants to be exploited. She needs to be exploited. Needless to say, there is no mention of the anti-WTO demonstrations in India that coincided with the ones in Seattle.

Because of the Internet and the numerous Web sites activists have established, it is possible for people to know that the Seattle protests were truly global and substantial in scope. Activists can both spread the word and bring diverse constituencies together. While working people in India fear the way trade sanctions could be used by a self-interested, moralizing United States, they also understand how the WTO and other global governance institutions are used by an imperial ruling class. At the same time, this hardly obviates the need for labor rights. The beginnings of a new level of international solidarity are evident in the way groups from the base have made connections and are working together across national and cultural borders.

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Indeed, fear is growing of mass rebellion and of what a Rand Corporation study has called an "[non-governmental organization] NGO swarm." The Internet has allowed new coalitions to be built online, and for tens of thousands of people to be mobilized in the streets of Geneva or Seattle and, at the same time, in Paris, London, and New Delhi. As the Rand researchers explain, an NGO swarm has no "central leadership or command structure; it is multiheaded, impossible to decapitate." The WTO was badly stung by just such a swarm of angry worker bees.

The financial press has also set out on a belated campaign to educate the troops with the kind of handouts such campaigns typically provide. In a post-Seattle editorial, *Business Week* offers a full page of questions and answers: "Is globalization about U.S. hegemony?" "Is globalization about exploitation?" "Is globalization about environmental destruction?" "Is globalization about the triumph of markets over governments?" It is less important that their answer in each instance is "no," than that the protestors' issues now structure the larger debate to a significant extent. The establishment is forced to respond on terms it has not had to before. Can Treasury Department Truth Squad visits to college campuses of the sort attempted during the Vietnam War be far behind?

It is clear that the demonstrators have the support of mainstream, working-class Americans. Perhaps the most interesting post-Seattle commentary is the Harris Poll, which confirms what other surveys have shown: that a majority of Americans (52 percent in the poll) were sympathetic to the concerns of the demonstrators. "Echoing the anti-business themes that ran through the sound bites and across the banners there, the BW-Harris poll also found that most Americans believe that business now has too much power." While *Business Week* claimed it "a puzzling anomaly" that, in the greatest period of wealth creation in U.S. history, so many people could be "living in another era," it also quoted a Princeton economist who pointed out that "in the real world, people are still living from paycheck to paycheck" and "the tremendous wealth creation has by and large gone to the people at the top."[5] Most Ameri-

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cans, according to another recent survey (by Opinion Research Corp. International), say they feel cheated by their employers.

In asking "After Seattle, what?" critics of the WTO need first to deepen the critique of the WTO and, second, to confront the limits of the reformist demands which the mainstream critics of the WTO have put forward. These tasks involve confronting class relations both with regard to North-South tensions and within the core.

Renato Ruggiero, when he was director-general of the WTO famously explained "We are no longer writing the rules of interaction among separate national economies. We are writing the constitution of a single world economy." Critics point out that it was not elected to run the world economy or to act as a global government. It operates in secret and seems to see its mandate, critics say, as undermining the rights of sovereign states. This issue of democracy is, however, more complex. WTO partisans point out that the WTO is a forum in which trade policies for an interdependent world can be ironed out. In response to the question, "Why shouldn't elected national leaders choose trade representatives?" we need to take a closer look at the nature of existing democracies. In the United States or the United Kingdom, two countries generally presented as paragons of democracy, it is widely understood that trade representatives represent business elites (as they do in most other countries, whatever the level of democracy, by whatever measure). The problem is deeply imbedded in the nature of capitalist democracy.

The objection then is not only a lack of democracy in how the WTO does business but also a lack of transparency to outside scrutiny. NGOs and other non-governmental interested parties cannot offer testimony before mysteriously selected panels. And the larger issue remains: rules which place profit (so-called market efficiency) above all other human and environmental considerations. In all of this, the WTO is a worse version of business-as-usual in those powerful countries whose governments are dominated by capital. The key point is that President Clinton, Prime Minister Blair, and the rest

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choose representatives who work for and closely with the leading capitalist sectors to make policies which favor corporate interests. As much as possible, they exclude people whose income comes from the sale of their labor power and others who are marginalized by the corporate system.

Discussion of the democratic deficit is a way of talking about how decisions are made which affect the whole of societies. This is not, however, to say that democratic rights which have been won (even in their limited form) are unimportant, though they are insufficient. Where democracy is most lacking, the conditions of working people are generally the worst. In a study of ninety-three countries, Harvard economist Dani Rodrik found that at each level of manufacturing productivity, democracies pay higher wages. This is to say that wages are not set by some marginal product of labor but that, where the bargaining power of labor is weakened by lack of basic labor rights, workers get a lower share of the value they produce. Class struggle at the point of production is far harder where basic democratic rights are most absent. This may account for Rodrik's finding that workers in those states he labels "free countries" earn 30 percent more on average than those in "partly free countries," and 60 percent more than in "unfree" ones.

Such results, while they may be overly simplistic, suggest that wider enforcement of basic labor rights (the right to free association, collective bargaining, and bans on forced and child labor) could have a profound effect on workers' ability to earn higher wages by rebalancing the power between capital and labor. Such standards would not mean the end of international trade, as some prominent economists assert, but could narrow income differentials between rich and poor. The enforcement of such modest standards could make a significant difference. But this takes militancy on the part of popular organizations of the base.

It should be pointed out that rhetorical acceptance of such standards hardly means they will be respected in practice. In the United States and the United Kingdom, among other places, recent decades have seen state power systematically used to weaken trade unions and undermine the rights that

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free world leaders say that they want others to adopt. Why should more "agreements in principle"—toothless side deals to the binding corporate agenda—pushed by the WTO-International Monetary Fund (IMF)-Treasury Department-Wall Street governance regime be seen as a victory for the critics? In this regard, organized labor was far too timid in Seattle, even if its very presence in the streets represented a significant shift from the practices of the old leadership. Without the "street heat" generated by those involved in direct actions, the civil disobedience of blocking delegates, and the sand thrown in the wheels of the machine, organized labor's largely symbolic protest and relatively mild demands would have had far less impact. The disruptions—far from detracting from the AFL-CIO presence—gave their demands greater immediacy, even if it took the focus off of the organization's leadership.

The fault line which separates more moderate from more radical WTO critics is that the former are asking that labor standards and environmental concerns be considered by the WTO as part of its decision-making processes. The WTO remit in this view has been too narrowly drawn and needs to be broadened. It is likely that massive popular resistance (while it will force such a tactical repositioning and a retreat to a token openness) will hardly achieve the goals protestors have in mind. Radical critics point out that given the massive movement, the WTO has little choice but to give at least rhetorical lip service to such demands. It may even propose institutional changes in procedures, which will appear to address widespread concerns. But this is unlikely to mean substantial change. As Lori Wallach reminds us:

> When the WTO was established, many environmentalists pushed for an environmental working group in the WTO. They got one, and after five years, many of its most energetic proponents are now saying that this working group has turned into a trade-dominated entity where environmental laws are studied not to safeguard them but rather to figure out how to get rid of them. We don't want to put the environment in the hands of an organization whose charge and world view is commercial .... Global labor movements now have all the enthusiasm the environmentalists did five

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> years ago about putting standards into the WTO. I personally am very skeptical.[6]

The problem is a very real one and goes to the heart of how governments under capitalism divide responsibilities among governmental entities. In the United States, for example, it is the Treasury Department that deals with the major issues of concern to transnational corporations. When foreign governments have serious economic issues to negotiate, they go to the Treasury Secretary to do so, often before they go to the WTO or the IMF. Other constituencies are frozen out. Smaller U.S. companies find a sympathetic ear at the less powerful Commerce Department. Labor and environmental interests have access to neither. The Labor Department is not usually consulted on trade and finance matters, even if these areas are of prime concern to working Americans. The Environmental Protection Agency (EPA) is further down the power pole. Decisions on labor and environmental matters can be, and are, trumped by the Treasury all the time.

Similarly, it is the executive branch which oversees the details of such matters—often without consultation, except with corporate lobbyists whose companies have direct interest in particular issues. As in the case of the aborted Multilateral Agreement on Investment (MAI), the WTO aims to set ceilings on democratic initiatives by preventing, for example, those levels of government closer to the people (state and local governments, or even the Congress) from introducing legislation which would interfere with "free" trade. As has been widely noted, the boycotts against the Apartheid regime that helped bring down the whites-only South African state would not be permitted under WTO rules. Efforts to make environmental laws more stringent or protect labor rights will also be major targets of "WTO-illegal" practice suits. Thus, the WTO sets a low bar and prevents any innovations which would raise standards above those that already exist because such measures would have a deleterious effect on freedom to trade. The WTO would put people and the environment before profit only if progressive forces were to show such strength that no other alternative remained. The WTO doesn't leave these

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concerns aside out of ignorance or oversight, but by design. Like capitalist governance more broadly, it is structured to do so. The radical protest of the demonstrators underscored this. The call for greater democracy is, in this context, a demand that capital not dominate societal decision-making.

The demonstrations also seemed to give courage to some third-world delegates inside the conference, in support of another challenge to WTO thinking that has been steadily building. While press attention was given mostly to their opposition to labor and environmental standards as a ruse for protectionism, less attention was given to third-world efforts to claw back much of what had been surrendered in the Uruguay Round, and to their opposition to additional U.S. demands (to be pursued in the aborted Clinton Round) for an end to nationalist development strategies. Developing countries in the past have used a combination of subsidies and measures to protect local markets as a development strategy. The success of Japan, Korea, and other countries was based on just such practices. The WTO rules, which the core countries have pushed, prevent such development trajectories. Even local food self-sufficiency is a target of the WTO. As countries are forced to open their markets to foreign grains and other basic foods, local farmers are driven off the land and into cities hardly ready for such an influx. They also face shortfalls and mass starvation if the price of imported foods rises as a result of poor weather and unexpected demands elsewhere.

The demands made by the WTO, which is to say the demands of the United States and the European Union (EU), are straightforwardly in the interests of core capitals at the expense of peripheral capital (and, in the case of the demands of agricultural exporters, at the expense of third-world farmers and rural communities). They should be seen in the context of core nations' continued protection of industries which compete with third-world exports. While the United States claims to have the best interests of the world's poor at heart in forcing them to liberalize (exercising tough love and withholding aid in the absence of reforms), what the United States and the other rich countries actually give is revealing. Thomas

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Hertel of Purdue University and Will Martin of the World Bank have shown that rich countries' average tariffs on manufacturing imports from poor countries are four times higher than those on imports from other rich countries. Rather than receiving favored treatment, the developing countries are treated far more harshly.

This is mostly a matter of bargaining power, but there is also the matter of technical costs and expertise. The lawyerly approach the United States has imposed on trade requires all sorts of certification of cost and other "openness" requirements, which many governments are simply not in a position to comply with because their record-keeping is not up to it. The minutia of the legalisms (which are consequential and potentially costly for noncompliant governments) has placed an inordinate burden on many smaller and poorer nations. It is even hard for these countries to keep up with and attempt to master the massive and ever-expanding trade rules. As of late 1999 in Geneva, the site of most of the international bargaining on trade, one man (an overextended Iftekhar Chowdhury) acts as coordinator for forty-eight of the poorest countries in the world. Only fourteen of these countries can afford to post envoys in Geneva. They are not so different from Chowdhury's own country, Bangladesh, where approximately a third of the labor force is unemployed and poor people earn less in a year than it costs a visiting envoy to stay in one of Geneva's international hotels. This basic inequality is not unrelated to the acceptance of measures which prove unexpectedly costly to the developing countries. For example, a study by two Washington economists estimates that implementing trade procedures and establishing technical and intellectual property standards (adopted at the suggestion of the United States) costs more than a year's development budget for the poorest countries.

The nonindustrialized countries did caucus and submit a detailed list of priorities for the Seattle meeting agenda, which focused on rectifying things they had given away in earlier trade negotiations without understanding their impact. "But," as the *New York Times* reported, "their two-page list was myste-

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riously deleted from the first formal draft of the agenda that circulated at the organization's Geneva headquarters ...."[7] The United States was accused of bullying tactics but, as U.S. Trade Representative Charlene Barshefsky made clear, existing agreements couldn't be reopened. (It would undermine the credibility of future negotiations, she said.) The United States continues to punish unilaterally nations that it finds dumping goods into U.S. markets—in a fairly clear violation of WTO rules—and has insisted that while other countries make concessions, the United States be able to keep tariffs in place in such politically sensitive industries as the garment industry until 2005.

Human Rights, China, and the WTO

The discussion is complicated by Clinton-Blair Third Way expressions of concern over human rights, democracy, and the need for host-government honesty—by which they mean not allowing third-world officials (whom, they presume, are corrupt) to rip off foreign banks, investors, and corporations. More far-sighted capitalists also worry that real social chaos is developing, and spreading from failed states and states in which uneven development (in an age of instant communication) creates problems for core capital. Having the trains run on time has always had appeal for the corporate class. The local elites which, it should be underlined, imperialism put in place in the first instance, are now no longer its best local representatives. Now that the national liberation alternative has faded and the possibility of nonalignment in a unipolar new capitalist world order is less realistic, the corruption of these anticommunist regimes is costly and from a profit-for-transnational-capital perspective, undesirable. A modern two-party competition bidding for foreign capital, rather than a dictator and friends and family regime taking ten percent of everything, is (in the present global conjuncture) a better alternative. This does not mean the end of repression or the calculated use of torture and imprisonment when needed, and of course the sort of capitalist modernization the Clinton-Blair

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departure suggests is not aimed at strengthening working-class and popular movements; indeed, it is the opposite.

Similarly, an analysis is needed concerning the politics inherent in progressive forces gearing up to stop China from being admitted to the WTO. This can be criticized as contributing to displacement of class rage—rightly directed at transnational capital—onto the repressive Chinese ruling class. Without at all absolving Chinese market-Dengist cadre ("to get rich by exploiting the people is glorious") and their opportunist progeny, it is the unregulated power of western capital, the anti-working-class policies of the American government most particularly, which should be the focus of our efforts. China had little to do with the fact that real wages have been stagnant for U.S. workers for the last two decades or that, while the stock market has increased wealth by trillions of dollars for the richest 10 percent of the population who own 85 percent of the stock, most Americans own no stock at all but fuel these gains through downsizing and givebacks.

On the other hand, Chinese policies and the impact of their huge trade surplus with the United States brings some issues into better focus as it obscures others. It clarifies the way national leaders—in collusion with transnational capital—organize the super-exploitation of their own citizens and calls attention to the uneven development such export competitiveness at all costs brings in its wake. It also highlights the race toward the bottom that occurs as other competitors gain greater incentive to copy these policies. It focuses on the need to support other workers who are imprisoned for union organizing or attempting to speak freely to their comrades. It is a demand for a basic level of democratic rights for everyone and, in these demands, one witnesses an emergent internationalist solidarity. At the same time, the fact that China is hardly the main enemy of U.S. working people needs to be part of any such discussion.

For reasons which have everything to do with U.S. domestic politics—specifically the need not to offend the labor movement, which has endorsed Vice President Gore's run to succeed his boss—President Clinton, in a comment to a

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newspaper in Seattle, suggested he wanted to go beyond the usual empty rhetoric and mandate enforceable labor standards. The reaction was immediate from third-world delegates. A trade minister from Pakistan was quoted the next day as saying, "We will block consensus on every issue if the United States proposal goes ahead." The ruling elites of Pakistan and other third-world authoritarian (and even formally democratic) governments have never had an interest in labor standards which could reduce their ability to exploit the workers of their countries. This does not mean that they are wrong in suggesting that the United States would use labor standards as a pretext to impose sanctions when it might suit U.S. political interests. The United States, abusing its great power, has always used sanctions selectively and to advance other agendas, and there is little reason to think labor standards would be used differently.

The use of trade sanctions to enforce labor standards is also opposed by most third-world unionists, who see job loss resulting without necessary impact on their wages and working conditions. What they need is help organizing. International solidarity, exposure of local abuses, financial assistance to strikers, and pressure on governments who use police-state tactics against workers would be welcome. But the fact is that, in the past, the United States has supported the most repressive third-world regimes. People are rightly skeptical about Clinton's motives. The solidarity which needs to be extended is to the workers, oppressed and exploited not simply by transnationals, but by their own capitalists. Rather than counting on the kindness of passing imperialists, a class struggle perspective is in order. The same is true in making common cause with reactionary Republicans who wish to weaken China for their own reasons.

Similarly, we need to think more about China as related to a host of issues which arise from the reality that 95 percent of the world's population growth is taking place in what is euphemistically called the developing world (from which westerners fear immigration, job loss, the spread of epidemics, terrorism, and crime). There is a desire to build defenses, whether new versions of Star War missile defenses or economic

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protectionism. The cost of the left's inability to offer a coherent counter-interpretation of globalization's dangers and damage, and their sources and solutions, is great.

Increasingly, as we try to develop a more mature politics of internationalism, we will be faced with racist fears, class divisions, and gender issues. Western supporters of labor rights will have to examine their stand on patriarchy's impacts, the domestic and workplace violence aimed at women, educational discrimination, and employment gender discrimination in countries other than our own. These are issues which are being raised by third-world feminists, who confront not only the resistance of their governments and the capitalists but often male workers as well. How western supporters can be effective without being chauvinistic is a challenge for the labor and human-rights groups in the West.

Radical Agendas

What fuels more fundamental social change is a radical vision. Change does not come about from the mere fact of oppression. In the absence of hope for meaningful change, a sense that a better alternative exists and is possible, pessimism and cynicism prevail. A radical vision consists first of anger at the way things are, the feeling that conditions are intolerable, but if this is to lead beyond thoughtless and futile rebellion, it must be accompanied by a belief that a better alternative is not only desirable but possible; not necessarily tomorrow, but when the momentum can be turned around. Resistance can have a strong element of moral witness (speaking truth to power), of rebellion (I'm mad and I won't take it any more), of reformist goals (our mutual ideals are violated, let us live up to our agreed upon principles), and of revolutionary transformation (the institutions of structured inequality and destruction are necessary to preserve their power, the system must be overthrown, and a fundamentally different one put in its place). Each of these stances was visible in Seattle.

Whenever capital is seen to overreach and, in its greed, endanger even the sustainability and the reproduction of the system, two impulses come to the fore in terms of redress.

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From reformers both inside and outside the system comes a desire to solve the immediately pressing problem by making changes which allow the system to work better: fuller disclosure and more open access (with the implicit promise that sunshine is the best disinfectant). Whether financial market allocation or democratic policy-making, better information allows for better decisions. The second impulse is to transform existing social relations of hierarchical power, to take away power which has been abused, to penalize usurpers, seize what has been illegitimately appropriated, and break the authority relation of coercive domination which allows and encourages the intolerable outcomes.

In the first approach, structures of power are left in place so that, as soon as the crisis is perceived to have passed or diminished in intensity, the tentacles reach out once more, with renewed confidence—once the high tide of movement outrage and vigilance is passed. Business as usual resumes, perhaps with greater care to observe, for public consumption, the niceties of verbal allegiance to the key words of the movement. It is in just such a fashion that the very word democracy, at first an insulting word to describe the rule of the unwashed mob, became a revered ideal of state elites. Over time, there is erosion of social regulation and the philosophy of reform gives way to the necessities of realism, the drive to accumulate. Beyond that, as memory of the crisis—the moment of popular empowerment and systemic challenge—fades, the reign of capitalist logic resumes—hegemonic to the extent that it can once again be said, "there is no alternative." Reforms do not last unless a mobilized, powerful movement keeps the pressure on and the momentum going.

By the 1980s and 1990s, the New Deal structural reforms had been vitiated: reforms that protected capital from itself and, to an important extent, that protected the rest of us from the worst excesses of a capitalism without social regulation, and which opened space for a somewhat more inclusive distribution of society's product. They had been defunded, deregulated, and neoliberalized. The reformist regulatory agencies came to be headed by individuals whose goals were to sabotage

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their originally stated purposes. At a structural level, the forces of production, never divorced in any event from social relations, developed in new directions—empowering new fractions of capital and encouraging shifts within the historic bloc of capitalist domination both domestically and internationally. In many ways and in many places, they have created intolerable conditions for people and the planet. In response, to contest capital's version of globalization, we may be seeing the birth of the broadest based movement for social, economic, and political change of recent times. These are hard times for the left and one would not want to overstate the case. On the other hand, it is difficult to read turning points. Seattle may prove just such an event.

WTO and Seattle authorities, in their attempts to squash dissent, created lifetime activists. Kelly Quirke, Executive Director of the Rainforest Action Network, described her time in Seattle in a Web posting, saying that she experienced:

> a real-life glimpse of what corporate-controlled reality looks like. Police in the streets, no civil rights, martial law, jail brutality—we saw that what we jump-started the week with: an action warning about the loss of democracy—is not just activist rhetoric, not just some advertisement, but real. We saw, all week long, as did the rest of the world, what they will do to get their way. But this is only the glimpse of *a* future, not *the* future. All week long we also saw us. In the streets, counting on each other, trusting each other, loving each other. Determined, utterly determined, to create a world where reverence is what we practice, with work that fulfills us; building communities based on interdependence and cooperation and nurturing relationships that breathe passion into our lives.

The announcement of a commitment to make it so came through loud and clear.

We cannot know yet what difference the battle in Seattle will make. We can say that many of the demands raised there were and are "non-reformist reforms" in the Andre Gorz sense: reforms which do not base their validity and right to exist on capitalist needs, criteria, or rationales. Some are critiques (which so enraged the ideologues of the system cited at the start of this essay) of the productivism of the drive to accumulate for the sake of expansion of capital regardless of cost to

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workers, the environment, the community. They are also driven by a positive counter-vision of sustainability and social justice. In a number of the protesting themes is a rejection of capitalism's economic reasoning. It was the victories in the streets of Seattle, the resistance of other nations to the domination of the United States in the negotiations, the gains in public awareness concerning the functions of the WTO in the global capitalist system, and an underlying change in perception that prompted so pained an outrage on the part of elite opinion-molders.

In making an overall assessment, we should perhaps take to heart the quintessentially American framing of the situation offered by John Sellers of the Berkeley-based Ruckus Society (one of the groups which coordinated the Seattle protest). He said, "We just hit the big hoop at the halftime buzzer. But dude, this game is not over."

NOTES

1. Thomas L. Friedman, "Senseless Battle in Seattle," *New York Times*, December 2, 1999.
2. George Melloan, "Welcome to the Seattle World's Fare, Circa 1999," *Wall Street Journal*, November 30, 1999.
3. "Welch's March to the South," *Business Week*, December 6, 1999.
4. Martin Wolf, "WTO: In defense of global capitalism," *Financial Times*, December 8, 1999.
5. Michelle Conlin, "Hey, What About Us?" *Business Week*, December 27, 1999.
6. Lori Wallach, "Higher Standards?" *The Nation*, December 6, 1999.
7. Elizabeth Olson, "Anger on Agenda for World Trade Meeting," *New York Times*, October 14, 1999.

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The Third Way: Myth and Reality

by James Petras

Introduction

What is the Third Way? Both historically and in the contemporary world, there are numerous examples of political leaders and movements that declare their allegiance to a Third Way—defining alternatives in opposition to what they perceive to be dominant paradigms. In the contemporary world, the best known exponent of the Third Way is British Prime Minister Tony Blair, though a number of other political leaders in Europe and elsewhere have expressed sympathy or support for the rhetoric or substance of Blair's version of the Third Way.

What we should keep in mind, however, is that there are many other varieties of a Third Way in the modern world besides the Euro-American brand. Moreover, the contemporary version represents a sharp divergence from earlier Third Way approaches, prominent in European politics throughout the twentieth century. This paper will begin with a brief exposition of the principal arguments of the contemporary Euro-

James Petras is co-author of *Dynamics of Social Change in Latin America* (New York: MacMillan, 2000) and *Empire or Republic: Global Power and Domestic Decay in the U.S.* (New York: Routledge, 1995).

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American Third Way. We will then compare and discuss historical experiences and earlier exponents of the Third Way, critically analyzing their assumptions and prognostications. We will then proceed to discuss a variety of contemporary Third Ways, including the Euro-American one, before summing up our analysis and theoretical conclusions.

The Claims of the European Third Way

The Western European version of the Third Way (specifically the Tony Blair/Anthony Giddens account) begins by elaborating a critique of what they describe as free-market capitalism and state socialism. They argue that free-market capitalism is inhumane and exclusive—based on a class-bound establishment that denies equal opportunity to all classes and social groups. On the other hand, the ideologues of the Third Way claim that statist socialism denies the individual freedom of choice and incentives to engage in entrepreneurial activity. Having specified the two dominant modes of thought of the present or recent past, the Blairites and their cohorts claim that they are in favor of an economy and society that combines the individual choice of the marketplace and the social opportunities of the welfare state. Underlying the Third Way is a set of sociological assumptions that provide the theoretical gloss for Blair's political directives.

Sociohistorical Premises of the Third Way

According to Third Way theory, historical developments have dissolved old class-based politics and rendered class struggle approaches irrelevant. New technologies and market-driven incentives unite producers in a new, information-driven global economy. The principle that unites producers is the drive for higher productivity and greater competitiveness in the global marketplace. The state, according to Third Way theory, should play a role on the supply side, creating conditions and incentives to encourage entrepreneurship, innovation, and equal opportunity. The state's role in the social sphere is to promote personal responsibility and to encourage employment rather than welfare dependency. According to

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Third Way theory, society will retain social inequalities but encourage equal opportunity; the goal accordingly is not to redistribute income but to increase income for all. In confronting the assumptions and propositions of contemporary Third Way theory, it is useful to compare and contrast it with earlier Third Way arguments. In doing so, we can clearly identify its radical break with the past, as well as gain a critical perspective on the limitations of previous Third Way approaches. Following this historical comparison, we can then turn to an examination of each of the basic premises of contemporary Third Way approaches and draw some general conclusions about the contextual emergence and possible demise of the Third Way.

Comparative Historical Experiences of Third Ways

It is important to distinguish between two distinct but interrelated efforts to elaborate Third Ways in the twentieth century: the reform socialist approach that dates from the turn of the nineteenth century to the end of the Second World War; and the welfare capitalism approach that emerged in the period after the Second World War and lasted until the mid-1980s. Each approach developed arguments against what its proponents described as extremes, and attempted to formulate an alternative based on an analysis of sociopolitical developments at the time.

Reform Socialism: Between Savage Capitalism and Revolutionary Socialism

Beginning in the late nineteenth century, within the German Social Democratic Party and in all other social democratic parties, an alternative paradigm to the original revolutionary perspective outlined by Karl Marx was elaborated. One of the leading theorists of this new perspective was Eduard Bernstein, whose book *Evolutionary Socialism* laid out the argument for a Third Way between capitalism and revolutionary socialism. Later, in the aftermath of the Bolshevik Revolution in Russia, the arguments for a Third Way between Revolutionary Bolshevism and capitalist reaction were taken

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up by Karl Kautsky and other like-minded writers in various European countries. Essentially, these reform socialists constructed their Third Ways as counterpoints to their adversaries on the right and left.

Reform or Revolution

The reform socialists argued for a process of gradual, evolutionary change—as opposed to a revolution in which large-scale, long-term changes would occur in an abrupt and radical fashion. They argued for an accumulation of political power and piecemeal reforms which would eventually limit capitalist power and lead to its demise. The reform socialists placed their hopes for social transformation on their accessibility to elections and the durability of representative legislative institutions (democracy). Hence, they had an almost singular trust in power gained via electoral politics; this was in sharp contrast to the revolutionary left, which engaged in extra-parliamentary, direct-action politics. The third distinction which the proponents of this earlier variant of the Third Way drew between themselves and the revolutionary left had to do with their analysis of capitalist society and the emerging class structure. The reform socialists argued that capitalist growth and social reforms were producing a growing middle class which, properly understood, would become a major ally of the socialist reformers in extending social ownership and greater equality. This perspective was contrasted with the revolutionary analysis, which argued that the process of capitalist concentration was undermining the middle class and proletarianizing the workforce, polarizing society between capital and labor.

Reform versus Capitalism

The early Third Way of the reform socialists also counterposed their approach to the dominant capitalist classes. The reform socialists proposed to widen and deepen the role of the state in the economy and society, as opposed to the right wing, which argued for unregulated private ownership, private philanthropy, and moral exhortations directed at the working class to exercise greater personal responsibility over their lives.

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The reform socialists favored state regulations over working conditions, health, and housing as well as rational planning over the economy to ensure full employment. Their approach differed from the right-wing capitalist political formations, who argued that the invisible hand of the market best served to promote societal wealth. The reform socialists argued that the state's role was to provide incentives and encourage business enterprise. A central concern of the reform socialists was the reduction of social inequalities through legislation that raised wage levels, taxed the wealthy for social welfare, and strengthened the collective bargaining rights of trade unions. The right wing, in contrast, argued that inequalities reflected natural differences in abilities, and differential rewards encouraged entrepreneurship and private initiative. Finally, the socialist reformers posited that true democracy could only be obtained through economic as well as political democracy.

They argued that there was a contradiction between the great differentials in economic wealth and power and political democracy leading to formal democracy. Only by greater economic equality could there be truly substantive democracy. Their opponents believed that economic democracy would lead to tyranny and undermine political democracy, which depended on competing groups vying for power in the marketplace. The reform socialists thus carved out a Third Way between revolutionary socialism and capitalist reaction, attempting to meld elements of socialist socioeconomic reforms with liberal capitalist political institutions.

Critique of the Reform Socialist Third Way

This early version of the Third Way was based on a set of political, economic, and social premises that proved to be of dubious validity. First, they totally underestimated the instability of the capitalist system and its propensity toward crises. Their basic vision of capitalism was of an expansive system, gradually incorporating different layers of society into productive life and citizenship. In this process, the reform socialists would bargain, negotiate, and legislate reforms that would equalize society and induce the capitalist class to accept their

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eventual demise. In reality, the world capitalist system went into a prolonged economic depression in the late 1920s, leading to massive unemployment, severe cuts in social budgets, and widespread corporate bankruptcies. Secondly, the reform socialist vision of social harmony based on increasing homogenization in society (the growth of the middle class) clashed with the reality of growing social polarity emerging from the economic crises and the proletarization of the middle class. Lacking an analysis of capitalist crises, and ill-prepared to deal with heightened class polarization and conflict, the reform socialist were not ready for the advent of the authoritarian onslaught of the capitalist classes and their political formations. This led to the third flaw in the reform socialists' perspective: the overestimation of the stability of capitalist democracy, and the fundamental misconception of the instrumental nature of democracy for the capitalist class. The reform socialists conception of the political institutions focused almost exclusively on the electoral or democratic aspects of the political regime, ignoring the authoritarian nature of the permanent institutions of the state. As a result, as the economic crises continued and social polarization deepened, the reform socialists were totally unprepared to face the authoritarian and totalitarian turn of the capitalist classes, resulting in the fascist ascendancy to power without any consequential opposition from the reform socialists. Finally, the reform socialists vision of the world economy as one evolving toward greater global interdependency came into sharp conflict with the reality of increasing inter-imperialist rivalry. The reform socialists' mistaken view of global integration blinded them to the coming of the Second World War. By tying themselves to the capitalist class' demand for greater competitiveness in the world economy, they laid the groundwork for the war preparations of their rulers. The reform socialist Third Way failed to deal with the major crises of capitalism: depression, fascism, and war. Its flawed analysis of historical developments led it to pursue programs and strategies which were incompatible with emerging realities. While the early Third Way sought to promote evolutionary socialism and did im-

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prove social welfare, it was not able to sustain those gains in the face of capitalist crises and war. Moreover, while it purported to define a Third Way between capitalism and revolution, it sided with the capitalists against revolution (on the basis of political democracy) while failing to ally with the revolutionary forces against fascism and authoritarian capitalism.

The Second Wave of the Third Way: Welfare Capitalism

In the period immediately after the Second World War, the Third Way was redefined, from reform socialism to reform capitalism. This second wave of the Third Way no longer called into question (even theoretically) capitalist property relations, nor did it call for the gradual transformation of the capital-worker relationship. Instead, the new Third Way counterposed capitalist welfare to both state socialism and liberal capitalism. Led by the mass German and Swedish Social Democratic parties, the new Third Way paradigm accepted capitalist property relations and opposed communism in exchange for increased social expenditures, progressive taxation, and the extension of public services in health, education, and recreation. Between the early 1950s and the mid-1970s, and particularly during the period of rapid capitalist expansion, social services and social transfer payments to wage workers expanded while paid vacations increased and the number of hours of work declined. The share of national income accruing to wage workers increased and employment seemed to stabilize. On the other hand, the threat to capitalist property relations which loomed over Europe in the aftermath of the Second World War disappeared. With the collaboration of the welfare state social democrats, capitalist power was consolidated throughout Europe. With the exception of France in 1968 and Italy 1969, the trade-off between welfare-state social democrats and capital provided medium-term benefits to labor and strategic gains for capital. Equally importantly, welfare state gains were secured by overt collaboration between social democrats and imperial policymakers and capital. In Algeria, Indochina, Africa, and Latin America, major labor confederations and welfare-state-oriented parties inside and outside of the govern-

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ment provided overt or tacit support to imperial military interventions and multinational corporate expansion. The long term impact of this collaboration (or trade-off) was the deradicalization of the working classes, their leaders, and the political and social organizations they purported to represent. Deradicalization involved not only an inability to respond to the fundamental changes in capitalist strategies in the 1980s and 1990s—more specifically the capitalist assault on the welfare state—but an organic incapacity to rethink the original premises which informed the social pact between capital and labor.

Critique of the Second Wave of the Third Way

The proponents of welfare capitalism as a Third Way lacked a realistic assessment of the historical context which allowed them to play a seemingly central role in engineering the welfare state. For them, the welfare state was a product of their own ingenuity, pragmatism, and skill in organizing labor and negotiating with capital. They saw the welfare state as a structural process inherent in the evolution of mature capitalism. What they failed to see—in large part because of their antiradical animus—was that the welfare state was not structurally but contextually determined (a conjunctural phenomenon, a historical compromise between capitalism and reform capitalists in a particular set of circumstances). These circumstances—which defined the basic conditions for the social pact—were rooted in the political conditions following the Second World War. Firstly, capitalism was discredited as a result of its ties to fascism. Secondly, there was the rise of communism and the prestige of the USSR, which played a leading role in the defeat of Nazi Germany. Thirdly, there was the advanced welfare programs that existed in the communist countries that competed for the allegiance of western workers. Fourthly, revolutionary movements were growing in the colonial and semicolonial countries. For the capitalist class in Europe and, to a lesser degree, in the United States, welfare-state social democracy was a lesser evil than communism and the extraparliamentary left in their own countries and abroad. The

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rebuilding of Europe and the economic strategy of growth via demand-side economics, combined with cheap raw materials (oil was less than two dollars a barrel in the late 1940s and early 1950s) and Cold War military spending, provided the necessary resources to sustain high profits as well as growing social-welfare payments. But the crucial factor that conditioned the capitalist class' acceptance of the welfare-state bargain was the correlation of class forces. This is evident with the end of communism and the sharp reduction of welfare payments everywhere. The end of the welfare state had its origins in the postwar consolidation of capitalism, its overseas expansion, and the decline of labor radicalism and organization. These strategic shifts in power provided the basis for the paradigmatic shift from welfare capitalism to neoliberalism. Neoliberalism, the shift from demand-side to supply-side capitalism, was an explicit break with the social pact that epitomized welfare capitalism: it involved a shift from progressive to regressive taxation, from social expenditures to subsidies to corporate enterprises and, above all, a new regulatory regime which increased the mobility of capital and eliminated protective legislation for labor. The second wave of Third Way reform capitalism failed to recognize that the success of its program was contingent on the wider equation of power. It failed to acknowledge that the growth of working-class wages and benefits was conceded by capitalists to avoid larger structural changes. Proponents confused welfarism as a structural feature of capitalism with its contextual contingency—threats from the left. In a deeper sense, the welfarists failed to recognize the underlying drive of capital to control the state for exclusively instrumental reasons and to understand how democracy would be subverted from within — by the increasing influence of nonelected officials and powerful national and international financial institutions. The welfarists, believing their own rhetoric, assumed that the inherent dynamism of capitalism (its capacity for growth) would continue to provide welfare payments. Even the crises of 1972 and 1973, and the long-term stagnation which followed, failed to provoke a critical rethinking of this optimistic assessment. Finally, because of

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deradicalization and incorporation into the capitalist system, the proponents of capitalist welfarism lacked the capacity to examine the premises underlying the welfare state in crisis.

Unable to analyze their original assumptions, they lost the capacity to elaborate any radical alternative. As a result, the subsequent neoliberal capitalist offensive led to the assimilation and incorporation of the previous capitalist reform parties into the neoliberal project.

Four Variants of the Third Way

With the collapse of the USSR, the demise of the welfare state in the West, and the deepening capitalist crises throughout the third world, a broad gamut of Third Ways emerged, each claiming to define a new direction between capitalism and socialism. The Anglo-American Third Way of Blair, Clinton, and Schröder is thus one variant on a theme: an attempt to capture the profound popular disenchantment with the social and economic failures of free-market capitalism and Soviet communism and their moral bankruptcy. Each variant of the Third Way reflects distinct political cultures and social structures as well as very different political projects. The Third Way has a long history in the third world, dating back to the mid-1940s, when President Juan Peron of Argentina defined a political-economic strategy that rejected liberal capitalism under the tutelage of Euro-American capitalism and Moscow communism.

His nationalist-populist program combined a relatively nonaligned foreign policy, strong state intervention, promotion of national capitalism, and an extensive social welfare program for labor. The overthrow of Peron in 1955 occurred precisely when a broader political movement emerged throughout the third world, led by Afro-Asian leaders from recently decolonized countries. The nonaligned movement led by national-populist leaders such as Nasser of Egypt, Nehru of India, Tito of Yugoslavia, Nkrumah of Ghana, and Sukarno of Indonesia provided a new impetus for a Third Way between Soviet communism and western capitalism. The violent overthrow or demise of these regimes by the early 1970s set the stage for the ascendancy of prowestern, authoritarian, free-market re-

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gimes. However, these western-aligned regimes failed to satisfy the material or spiritual needs of the popular classes. Beginning in the 1980s and continuing to this day, a variety of new Third Way movements have emerged. The most striking development in this regard is the emergence of Islamic movements and regimes, headed by the Iranian clerical government which took power in 1979, with the overthrow of the U.S.-backed Shah dictatorship. Throughout the Middle East, North Africa, and Southern Asia, these movements have railed against western decadence and atheistic communism. In practice, some combined cultural Islamism with prowestern free market policies, while others adopted a clerical paternalism that combined social welfare with nationalist policies. A second variant that crossed North-South distinctions was the alternative development strategies promoted by the non-governmental organizations (NGOs). This variant of the Third Way argued for the pre-eminence of what they dubbed civil society against neoliberal capitalism on the one hand and statism (which presumably covered socialism, communism, national populism, and welfare statism) on the other. They argued for community-based development based on self-help, micro-enterprises, and reciprocity between small groups. Since this variant functioned in the interstices of the dominant system of capitalist power and essentially adapted to the overall free-market model, the NGOs received substantial funding from international financial institutions despite their occasional rhetorical outbursts against neoliberalism. The third variant of the Third Way is an anti-technology eco-social movement which proposes a back to nature and social simplicity model against the centralized, consumerist, and ecologically destructive communist and capitalist techno-states. An earlier version in the first part of the twentieth century, headed by Mahatma Gandhi, developed a powerful social following in India, and has not been replicated. Today, this movement is strongest in the United States and Western Europe, particularly among disenchanted members of the affluent classes and radical ecological activists. It fails to resonate, however, among the impoverished popular classes of the third world. The

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Euro-American Third Way articulated by Prime Minister Anthony Blair and practiced, if not preached, by President Clinton, German Prime Minister Schröder, and the prime ministers of other western European regimes provides a rhetorical gloss over a new style of right-wing politics. Essentially, the Euro-American variant of the Third Way builds on and extends the Old Right Thatcher-Reagan doctrines of privatization and the promotion of concentrated, centralized capital (witness the gigantic mergers under the auspices of Third Way regimes). Despite their leadership of putative labor and/or social democratic parties, the Third Way regimes faithfully follow the Old Right policies against labor by promoting state advocacy of supply-side policies. As much or more so, the Third Way regimes exceed the Old Right in their zeal to promote the international expansion of their multinational corporations (MNCs) and banks, while admonishing labor to accept social welfare cuts and to lower wage expectations to further the competitiveness (profits) of MNCs.

The Third Way regimes have gone far beyond the Old Right in promoting Euro-American hegemonic rule over the third world, central and eastern Europe, Asia, Africa, and Latin America via armed interventions, NATO bombings, military occupations, and concerted economic strategies that facilitate Euro-American economic domination. In summary, the Euro-American Third Way is a dramatic shift from reformist socialism and welfare capitalism to neoliberalism. Social democratic parties have been transformed from advocates of greater equality to regimes that increase inequalities between rich and poor, from supporters of increased social payments to abusive slashers of social welfare, from promoters of employment and job security to the architects of employer-friendly labor flexibility legislation and inexpensive redundancy policies. Today, the social democratic parties are neither social nor democratic—they represent a new and more virulent right-wing, capable of manipulating some of the earlier reform rhetoric while pursuing an unadulterated big-business, free-market agenda.

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Critique of the Euro-American Third Way

It would be a mistake to ignore the sociological and economic ideology that legitimates the big-business ethos that informs New Labour and its supporters in continental Europe and elsewhere. The ideology of the Third Way has served to provide a justification and legitimation for the right turn of social democracy. It is crucial to examine the social, economic, and political premises and assumptions of the Third Way because its reactionary policies are based on a deeply flawed set of empirical and historical assumptions.

Sociological Flaws

The Third Way ideologues and leaders speak to a social system based on a meritocracy—the elimination of class-based inequalities in favor of inequalities based on merit (presumably knowledge and skill). Scholars and journalists, however, point to the growth of inequalities based on old and new wealth—particularly the vast and growing socioeconomic inequalities between the super-rich of the City of London and Wall Street and the growing army of workers in the low paid service sector. The increase of social inequalities is related to another flawed argument in Third Way ideology: the end of class struggle. Contrary to the ideology, a sustained and far-reaching class struggle from above has been engaged in and has successfully weakened labor, diminished trade union membership, reduced living standards, worsened working conditions, and strengthened ruling-class control over the state and its allocation of expenditures and collection of tax revenues. The claims of Third Way ideologues that class politics are no longer relevant is belied by longitudinal studies of budgets, state policies toward crisis management, and state economic commitments to domestic markets and overseas expansion. Budgets have become heavily skewed toward tax reductions for the rich, cuts in health, welfare, and education, and sharp increases in expenditures for overseas expansion, military intervention, and bailout of overseas speculators. The winners and losers reflect the class nature of the state, the

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politicians who administer it, and the close ties between politicians, bankers, and public policy.

What is most striking about the connections between Third Way rhetoric and New Right politics is that where the ideology is most deeply implanted—in the United States and England—social programs have suffered the worst and capitalist class prosperity is greatest.

Flaws in Economic Theorizing

Third Way theorists argue that their goal is a more competitive and open economy shaped by the market. In reality, Third Way regimes have approved and aligned themselves with the greatest merger movement in history—leading to greater concentration of economic power among a decreasing number of monopolistic giants. The size of the conglomerates has grown, while the number dominating markets has shrunk. Third Way ideologues have argued for greater efficiencies and competitiveness—but productivity has stagnated and markets are shaped by a few market-makers. Moreover, selective protectionism, massive state subsidies, and the sell-off of public enterprises to private monopolies has homogenized the market and made entry of new participants more difficult, except in specialized market niches. Secondly, capitalist prosperity has largely been confined to the speculative-financial and real estate sectors of the capitalist class—not to the productive, innovative sectors. The economic boom has been, in large part, a phenomenon of the stock market and related domestic and overseas speculative activity in which illicit activity—multibillion-dollar money laundering—plays a prominent part. In the productive sphere, the arms industry still plays a key role in the export sector, despite the fatuous moral posturing of Third Way leaders. Finally, the claims of Third Way ideologues that we are entering a new economic epoch—a postindustrial, high-tech information era—are patently false. In the United States, computer industries represent less than 3 percent of the economy. Their impact on productivity has been negligible and they have been greatly hyped in stock values by Third Way ideologues and stock market speculators. High-tech in-

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formation systems are a subordinate element to a predominantly financial-industrial economy rather than an independent, dynamic force. The attempt by Third Way ideologues to provide a technological gloss on their linkages to super-rich financial magnates just doesn't hold water. Economic realities belie the ideological claims once again.

Flaws in the Politics of Third Way Ideologues

The ideologues of the Third Way have emphasized their commitment to encouraging a greater role for civil society and greater involvement of citizens in the political process. In practice the leaders of Third Way, particularly Tony Blair, have turned their parties into authoritarian instruments of personal rule; dissenting voices are marginalized or expelled. Local constituency parties have candidates imposed by the central leadership; candidates are handpicked for their conformity with the leadership views. Debate at national congresses is muffled or relegated to the margins. As a result, Third Way parties are more oligarchical and less responsive to their members. Increasingly, big financial interests overshadow voters in shaping electoral campaigns, the content of political programs, and the agendas of presidents and prime ministers. Unlike the Old Right parties, which were more open and direct in their relations with moneyed interests, the Third Way parties at first were more surreptitious in their relations with big business. Upon taking power, however, they have become more brazen in their carnal relations with financial power brokers, flaunting their ties, always eager to show off their association with the major banking groups at their public functions.

Under Third Way rulers, key state institutions have been made less dependent on legislative oversight. This happens under the guise of granting them greater autonomy but, in reality, makes them more responsive to private financial powers. The increasing role of civil society translates into greater influence of the financial sectors of civil society over the strategic institutions of the state, while diminishing the political role of wage and salaried sectors of civil society. Civil society has become an ideological bludgeon to demolish comprehen-

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sive public programs and a code word for transferring public wealth into the hands of affluent private interests. Promotion of citizenship has in turn served as justification for fragmenting working-class organization, thus strengthening ruling-class organizations—turning public debate away from substantive class politics to civic morality devoid of specific social content. Finally, the very process of political power and decision-making has, under Third Way rule, taken on many of the attributes of authoritarian political systems. The frequent resort to executive decrees, the assumption of legislative, executive, and administrative powers by the presidents and prime ministers on questions affecting fundamental issues of property ownership, trade, and investments without any pretense of public consultation smacks of the powers exercised by third-world dictators. Vast areas of public activity, lucrative public enterprises, and basic public services have been privatized—turned over to big banking and industrial groups by executive decree, independently of public opinion or citizen rights. In the political sphere, the Third Way has deepened and expanded the centralizing and authoritarian politics of the Old Right while adopting the participatory rhetoric of the postmodern (pseudo) left.

Conclusion

The contemporary European Third Way is in most ways a completely different political animal than its predecessors. Its social and economic policies are clearly regressive and, in many ways, closer to the policies of the right-wing adversaries of the earlier Third Way reform socialists and welfare capitalists. Rather than breaking new ground, the contemporary Third Way reproduces and reinforces the neoliberal policies of the Old Right which they displaced, albeit while providing a new ideological gloss. Third Way leaders now compete with the Old Right for the allegiance of bankers, generals, and corporate chieftains to secure social recognition, financial backing, and personal gratification. The Third Way ideology is a way for the New Right to differentiate itself politically from the Old Right while assimilating the basic tenets of their

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program and putting distance between itself and the welfarism of the older, social democratic traditions and programs. The Third Way ideology masks the continuities with the discredited free-market policies of the Old Right while providing opportunities for the upwardly mobile professionals and entrepreneurs who form the core group of Third Way loyalists to connect with existing configurations of power. By seizing control of the political apparatus of the former social democratic parties, the Third Way leaders possess the levers of power that subordinate the labor base to new, free-market capitalists. However, as the ideology fails to come to grips with the underlying stagnation of productivity, the growing unemployment, and the decay of social services as social programs are slashed, a deeper disenchantment sets among wage workers, trade unions, and community organizations. The contradiction between the new banking allies of the Third Way politicians and their traditional working-class constituencies deepen, and electoral revolts occur with increasing frequency. The electoral demise of Third Way Prime Minister Gerhard Schröder of Germany is the paramount (but certainly not the only) example. The rise and future demise of contemporary Third Way politics follows from its flawed understanding of the world, and its policies which are so out of tune with its electoral base and, more importantly, with the increasing social polarization that threatens to overwhelm it. The danger, however, is that the pre-emption of the left voting constituencies has blocked the rise of an authentic left and facilitated the growth of the far right—as is evidenced in the electoral growth of the right in Austria and Switzerland.

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Rekindling Socialist Imagination: Utopian Vision and Working-Class Capacities

by Sam Gindin and Leo Panitch

"A *continental* welfare state, modeled on the *comparatively successful* social democracy of the United States. That's the ticket. Do it the American way." This recipe for what path Europe should follow isn't the *Economist* calling for a new realism, or the voice of American imperialism talking through the *Wall Street Journal*, or even a stolen quote from a member of Tony Blair's cabinet caught in private conversation. It's the concluding lines of an article on an alternative for Europe published in the *New Left Review*, once the home and hope for a rejuvenation of creative Marxism.[1]

This degeneration of the socialist imagination reflects a pervasive pessimism within the left. It is both affected by, and carries some responsibility for, the more general political

Sam Gindin has been the chief economist and assistant to the president of the Canadian Auto Workers (CAW) for the past twenty-five years. Leo Panitch is Distinguished Research Professor in political science at York University. This essay is an abridged and modified version of the authors' joint article in *Necessary and Unnecessary Utopias: Socialist Register 2000*, edited by Leo Panitch and Colin Leys (London: Merlin Press, 1999; distributed by Monthly Review Press).

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morass in which we find ourselves. We live in an era of foreclosed hope in the possibility of a better world. Even people who look at their lives and wonder if that's all there is see no way of realizing a life beyond capitalism, or fear that any attempt to do so can only result in another nightmare. Overcoming this debilitating political pessimism and keeping some sense of transformative possibilities alive is the most important issue anyone seriously interested in social change must confront.

Unreal Utopias: Narrowing of the Intellect, Exhaustion of the Will

Despite what is sometimes alleged about the lack of attention paid to alternatives on the left today, there has actually been no shortage of attempts in recent years to rethink and reformulate the utopian goal. In the past year alone, three books by prominent and progressive intellectuals have focused on such a project. These works, each influenced by a different current of contemporary thought, unfortunately provide a rather clear perspective on the demoralized nature of much utopian thinking today.

Reflecting postmodernism's influence, James C. Scott's *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* characterizes the utopian ideal not in terms of emancipation and liberation but rather in the negative terms of limiting "finely tuned social control."[2] The danger is the "great state-sponsored calamities of the twentieth century" epitomized by Soviet collectivization and Tanzanian Ujamaa villagization of agriculture. He consequently puts his faith in familiar local institutions ("the family, the small community, the small farm, the family firm in certain businesses") and reverts to "the science of muddling through," and "disjointed incrementalism." Sam Bowles and Herb Gintis, entranced by supply-side economics in *Recasting Egalitarianism: New Rules for Communities, States and Markets*, present us with a utopia of competition between worker-owned firms.[3] Roberto Unger's *Democracy Realized: The Progressive Alternative* has important things to say about the kind of reconfiguration of the state that would best facilitate the radical democracy of the socialist utopian vision.[4] But underlying this is his seduction by a core

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strategy of an export-oriented partnership of workers and "vanguard" firms.

While the institutional content of such alternatives extends beyond social democracy, what remains common is the same defeatism and related overcautious pragmatism. They have not so much abandoned the idea of change but, like the Greek god Procrustes, who adjusted the size of his guests to fit the size of his bed, they have shrunk the meaning of change to fit what capital and the state will accommodate. The result is what Ernst Bloch referred to as "abstract utopias:" worlds too small to deliver on the large promise they hold out and a telling neglect of the politics of getting there.[5]

The utopias of old, for all their limits, at least fundamentally challenged the values of the existing society. Across the centuries, utopian writers framed the alternative as a different *world* rather than selected institutional changes. Long before Marx, they insisted that a utopia that accepted private property—and therefore the existence of classes—as a given wasn't worthy of the name. "The power of the great old utopian books," Bloch demonstrated, was that "they almost always named the same thing: Omnia sint communia, let everything be in common." As the protagonist in Thomas More's *Utopia* (1516) so clearly asserted, "... you'll never get a fair distribution of goods, or a satisfactory organization of human life, until you abolish private property altogether."[6]

In contrast, the recent books that put forward alternatives limit democratic expectations of the state and the scale of economic transformations in the name of "getting real." Abandoning any "mega-projects," they also manage to ignore the "mega-reality" of coping with actual existing capitalism and the capitalist state. Focusing on changing the nature of the capitalist firm, writers like Bowles, Gintis, and Unger tend toward a depoliticization of both the firm and the union. They underestimate the social power of capital and the oppositional politics necessarily involved in changing it. And, committed to some notion of making economic competition into something that is progressive, they stunningly fail to see that the whole point of addressing alternatives is to liberate ourselves from

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the notion that it is only through competitiveness that we can confront the development of our productive capacities. To accept competition as the goal—even for a poor country and even qualified as "progressive competitiveness"—is to give up on the socialist project before you begin.

In all of this, vision and agency overlap. For Scott, the question of agency is reduced to getting the state out of the way. Bowles and Gintis don't even bother to dwell on why workers would commit to a struggle for control over capital assets if the economic decisions ultimately made will still be determined by competitive markets. And Unger proposes cross-class partnerships with export-oriented "vanguard" firms and thereby erodes the very possibility of the militant organization of the "oppressed, the poor, and the angry" that he once called for.[7] There seems to be little point in worrying about agency if the transformation being considered is not really a transformation at all—just as there seems to be little reason to dream, if there is little confidence in the existence of an agency that might actualize those dreams.

The Rehabilitation of Utopia: Agency and Social Capacities

Even though Marx gave short shrift to utopian thinking, a utopian sensibility flows through his texts. It is not just that any revolutionary goal must, by its very nature, involve an element of the speculative future it is reaching for. It is also that the very thing that separated Marx from the Utopians—his focus on agency—included a degree of assuredness in the working class' success that itself bordered on the utopian.

For all the valuable insights, promising signposts, and rich hints Marxism bequeaths, the historical optimism which inspired generations of socialists came with an underestimation of the chasm between the scale and scope of the socialist dream, and the capacities of the capitalism-created agency honored—or saddled—with carrying it out. Between Marx's vision of revolution and his detailed critique of political economy, there was an analytical and strategic gap—unbridgeable without addressing the problem of working-class capacities—which later Marxists sometimes addressed, but never over-

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came. Nor has the problem been overcome by recent social movement theory. For the rethinking that is required must be more profound than just imagining that the problem can be resolved by substituting a plurality of new social movements for the old workers' movements. The compensatory stifling of ideals we saw in the institutions of the labor movement has also appeared in the new social movements. Every progressive social movement must, sooner or later, confront the powerful tendency of capitalism to cripple our capacities, stunt our dreams, and incorporate our politics.

Agency is, of course, the key to transitions from one socio-economic order to another. But at this particular moment in time, when there is little convincing *empirical* argument for the revolutionary potential of the working class (or any other agency), simply keeping the socialist goal alive is paramount. A greater burden is consequently carried by the socialist vision. Writing in exile after Nazism's destruction of all the labor movement's institutions in Germany, Ernst Bloch emphasized this crucial need to rehabilitate, *within* Marxism, the category of utopia to "make the defeated man try the world again."[8] The issue here is not an idealist turn in Marxism, but a recognition that Marxism as a material force needs what Bloch called its "warm stream" of desire, passion, and dreaming as much as it needs its "cold current" of analysis.

What motivates and sustains us in a commitment to change? We might define that desire for change as the yearning to close the gap between lived experience (life as it is) and imagination (life as it might be).[9] The two are not independent: the social construction of our experience—and its contradictions—affects our imagination. Saint Simon, writing two decades before the *Communist Manifesto*, rhetorically asked: " .. [since] the worker is exploited materially, intellectually, and morally ... Can the worker develop his intellectual faculties and moral desires?" And then he added: "Can he even *desire* to do so?"[10] This same influence of lived experience on the range of imagined possibilities is directly captured in Barbara Kingsolver's novel *Animal Dreams*. A woman asks her lover: "Didn't you ever dream you could fly?" He answers: "Not when I was

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sorting pecans all day." When she persists and demands: "Really though, didn't you ever fly in your dreams?" he replies: "Only when I was close to flying in real life ... Your dreams, what you hope for and all that, its not separate from your life. It grows right out of it."[11]

The struggles of daily life shape and focus our desires—they "educate desire," enrich it, and teach it to reach further or differently.[12] Educated desire can be radical (I want to change the world) or conservative (I want to change my own place in the world). And even if radical, it may be constructive or destructive, selfish or communal. Socialist morality educates desire towards the goal of realizing our potential to be full human beings and extending that principle to all members of society. Socialist analysis discovers, in the dynamics of capitalist society, the possibility of that new world and the agency that can, in the process of "doing-other," change both itself (including its dreams) and society, thereby "becoming-other." In using such terms, Bloch was developing a concept of "concrete utopia."

The impact of socialist morality and socialist analysis on desire is the foundation of socialist hope. That hope is both part of and activated by the emergence and growth of particular social capacities within the socialist agency-to-be. The notion of capacities is inherently dynamic and developmental; it speaks to a process and to a potential within the working class. The qualifier "social" emphasizes that this potential resides not just in the individual but in the collective. Social capacities are therefore the link between the ideal and the possibility of reaching it, of means and ends. To complete the voyage from desire to socialism, workers must develop the social capacity to dream, to understand, to participate, and to act politically.

Consider each of these in turn. The terrain of the socialist dream or ideal is distinguished from its liberal roots by an insistence that the flowering of human capacities isn't a liberation of the individual from the social, but is only achievable *through* the social. When we share similar dreams and dreams become part of a common culture, that social capacity to collectively dream opens a door to acting beyond the present. As for knowledge, it is always a social undertaking, but social

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here still means the activity of a minority. If the issue at stake is the historically unique project of an underclass creating a new world, knowledge and the generalized social capacity to understand must be about more than that class only *receiving* knowledge, but their inclusion in the development of understanding through a radical democratization of theory. The more general confidence that we can one day fully participate in society involves the development of a productive force appropriate to a new society (and the simultaneous expansion of the notion of productive). That specifically socialist productive force is the democratic capacity to collectively administer our daily lives.

Finally, the capacity to act politically is a class capacity that coordinates these other capacities, invents new forums and structures struggles to take them further and, above all, tries to make the development of our social capacities cumulative, as opposed to sporadic and vulnerable to the prevailing winds.

Unions and the Accumulation of Capacities

Andre Gorz, despite his repeated attempts to say "farewell to the working class," kept returning to its organized expression as the only hope for change. "The fact that the trade-union movement is—and will remain—the best organized force in the broader movement confers on it a particular responsibility; on it will largely depend the success or failure of all the other elements in this social movement."[13] Any discussion of change must therefore begin with changing the role and nature of workers' organizations, their potential as sites of capacity-building and democratization, and especially their potential for moving beyond the workplace.

Once we approach the issue of class and transformation as related to overcoming dependency on capitalists (to the end of developing full human capacities), further expectations emerge around what unions—as the frontline economic organization of workers—might possibly do. This in turn implies a different kind of unionism, in terms of how it chooses and structures its struggles, applies its resources, defines internal

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democracy and participation, responds to its role as producers and service providers, and relates to the community and the state.

The problem with unions is not, as so many seem to think, that they have been too defensive but that, in most cases, that they have not been defensive enough—at least not defensive in a way that allows them to get beyond merely being reactive. To be defensive doesn't mean to be static. A trade unionism committed to mobilizing its defensiveness would be committed to developing a culture of resistance. Nothing is more important to the future possibility of socialism than the current existence of a working class that is determinedly oppositional and organizationally independent, self-conscious of its subordinate position and ideologically confident in the legitimacy of its demands, and insistent that its own organizations be democratic and accountable so as to embody this spirit of popular activism and militancy. In addition to fighting aggressively for traditional demands, the content of union demands could, on this base, take on new dimensions and creatively lead other struggles.

Examples include: pushing to take productivity gains as time off from the job and for education both at and away from the workplace; linking health and safety issues to demands about how work is organized and the priorities of technology; negotiating learner-driven training from employers and developing, through internal union educational programs, the confidence and therefore the capacity to participate among all members; and extending the collective capacity to discuss and disagree—to debate—before the arrival of those moments of crisis when external pressures reinforce tendencies to define all internal opposition to the leadership as sabotage.

In contrast to a defensiveness that is part of building a culture of resistance, there is a set of union alternatives that co-opt the language of "capacity-building" and economic "empowerment" to the same ends as the supply-side defeatism we discussed earlier. They operate comfortably within the existing framework of power and this is expressed in proposals for jointness in production, partnerships for competitiveness, alliances for jobs, worker representation on corporate boards,

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and most discussions of the use of pension or labor funds for social investment purposes. Since they assume what labor and capital have in common is more important than any differences, they are oriented to placing worker representatives alongside management in "problem-solving."

What emerges are not alternative capacities, but only practices which echo capital (e.g., learning to run businesses and funds like capitalists do). And even these are restricted to a small handful of worker representatives and officials who participate in keeping information from their members because of "corporate confidentiality." The actual access to influencing decisions is, not surprisingly, extremely limited since it isn't won through mobilization but offered to *limit* mobilization. The trade-offs made for that access—material concessions and the symbolic distancing of the leadership from the members—carry dangerous institutional implications with regards to rank-and-file suspicions and leadership credibility. And finally, even if there is something positive that comes out of initiatives such as access to information and input into certain decisions, this can generally be achieved at less cost and with more long-lasting results through the very mobilization this approach pushes aside.

While such so-called alternatives can only take us backwards, they arise out of a concern to respond to working-class insecurity about their jobs. Although the prime function of unions has been the terms and conditions of the sale of workers' labor power, an increasingly crucial preoccupation of their members has been that of retaining their jobs—something that unions, apart from trying to negotiate the sharing of work through reduced worktime, have been ill-positioned to guarantee. Taking on what seems to be only a defensive concern raises the strategic challenge of how unions might contribute to workers seeing themselves as not just sellers of labor, but producers and providers of services, and therefore capable of addressing not only how many jobs are needed, but the nature and purpose of those jobs.

This would take private-sector unions beyond the workplace and the single firm, to thinking in terms of the whole eco-

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nomic sector; and it would take public-sector unions beyond their role of representing civil servants, who do things for others toward mobilizing with the people they serve, to expand the range and access to social rights and spaces. Worker and consumer councils at the level of whole economic sectors, in contrast to single companies driven by accumulation and competition, would be better able to associate production with use values and with technological linkages across the economy, and would be able to address developing the collective capacities to govern the economy democratically. Public sector councils, for their part, would begin the difficult process of eroding the distinction between public-sector workers and their clients as well as between their work and the very different "consumption" of that work than is involved in the consumption of commodities.[14]

The point of addressing jobs and services in this way is not that this is an immediately viable strategy for the gradual encroachment on and eventual takeover of capital and the state, but rather that it involves a gradual development of new capacities and vision and an independent sense of how unions could engage in that "doing-other" to the end of "becoming-other." It puts, for instance, a priority on organizing meetings of workers in and across sectors to develop their ability to analyze their situation in the economy and society as a whole. It suggests the importance of demands on the state such as state funding of unions' research and expansion of the range of information government departments collect, while insisting on access to those departments. And it requires the creation of new political and economic structures to implement this direction, ranging from job development boards and municipal ownership to democratic public financial institutions for controlling and allocating capital flows.

This kind of capacity-building on the part of the labor movement also raises the question of a new relationship to the community—if only, at first, stimulated by the concern in these particular times to avoid isolation. What is involved here is the broader strategic challenge to position unions as potential centers of working-class life. This is not simply a matter of finding support for unions in the community through linking

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workers to others, but of highlighting the multidimensional life of workers. It means addressing their needs in ways that value such glimpses of their potential as their limited experience of citizenship now affords, and raising their expectations of becoming fuller human beings than their social status as workers now allows.

For this relationship to the community to be substantive rather than rhetorical (which invocations of "the community" by many union leaders often are, no less than by many academics and politicians), it must affect the kinds of demands unions make on employers and the state. Issues like the environmental implications of a worksite, reduced worktime to share jobs, and ending the inferior status of part-time jobs must become priorities in collective bargaining. The nature of union structures must change as well, such as by opening up local union committees to include teenagers and spouses to mobilize for changes in school education, health administration, public spaces for leisure, urban and regional services and structures. Such a new unionism, committed to enhancing local community life, would inevitably have to play a leading role in joining with other movements to engage the state at every level, from both inside and outside, to force the development of the kind of democratic administration implied by both the sectoral and community aspects of the radical union strategy outlined here.

In both their militant defensiveness and in expanding their role beyond the workplace it is therefore clear that unions must inevitably engage the local and national state in ways that go beyond lobbying and support for electoral allies. The struggle to democratize the economy is ultimately about collapsing the distinction between economics and politics in a very particular way: one that alters the nature of the state so that the state does not stand external to everyday economic life as a bureaucratic regulator, but is integrated in the struggles to transform social relations.

Rekindling the Socialist Imagination

"We're free ... we're free." The last words of Arthur Miller's masterpiece, *Death of a Salesman*, are uttered by Linda Loman,

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sobbing over her husband Willy's grave.[15] Weary and penniless after a life of selling "a smile and a shoeshine," overwhelmed by feelings of emptiness and failure, yet mesmerized by the thought that his life insurance will provide his estranged son with the stake that might induce him to compete and "succeed," Willy Loman's suicide famously symbolizes the tragic dimension of the relentless competitiveness at the heart of the American capitalist dream. "He had the wrong dreams. All, all, wrong," this son laments at the graveside, even as his other son dedicates himself to "beat this racket" so that "Willy Loman didn't die in vain .... It's the only dream you can have—to come out number-one man." At the end of the play, Linda stands over the grave alone. Telling Willy that she had just made the last payment on their mortgage, a sob rises in her throat: "We're free and clear .... We're free .... We're free ...."

When first uttered on stage in 1949, at the start of the Cold War, these words spoke to the ambiguity of the freedom represented by the "free world." Fifty years later, when Linda sobs "we're free" at the end of *Death of a Salesman*'s revival on Broadway, she seems to embody the angst of an entire world enveloped by the American dream at the end of the twentieth century. One can everywhere sense the anxiety—an anxiety as omnipresent as globalization itself—that has emerged with accumulating awareness of the enormous odds against actually "beating this racket" and escalating doubts about the worth of a life defined by the freedom to compete.

The frustrating reality is that as socialists, we are living through a singular period: the collapse of communism and the complete abnegation by social democratic parties of any vocation for radical change has left us, for the first time in well over a century, with no organizational focus for our goals. The lacuna we consequently face is, as we've emphasized, accompanied by a great deal of pessimism. But overcoming that pessimism is not a matter of asserting a new, yet equally short-sighted, optimism. Rather, it means drawing inspiration from the concrete, popular struggles in evidence around the world as people strive, in a multitude of diverse ways, to assert

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their humanity. It means drawing encouragement from the activist left's broadening of its political project to encompass ideals that integrate a utopian sensibility and a concern with capacity-building.

The best of such ideals are summarized below. Any motivating vision for the left would have to encompass at least the following ten dimensions:

1. *Overcoming alienation.* This is not a matter of escaping work in order to fulfill our lives but rather transforming the nature of work, as well as giving people outside of the world of work "the possibility of developing interests and autonomous activities, including productive activities" so that they are no longer "passive consumers of amusements." [16]

2. *Attenuating the division of labor.* The principle at the heart of the socialist project—the potential of each of us to become full human beings—cannot be achieved in the context of hierarchical structures "that obstruct participation or deny equitable access of all workers to equal opportunities for fulfilment and influence."[17] Because this won't be easy, socialists are obliged to begin this process in their own parties, unions, movements, non-governmental organizations (NGOs), offices, plants, and universities.

3. *Transforming consumption.* Socialists must recognize that any "transformation of the relations of production and the organization of work would be conditional upon a number of other, equally dramatic, changes of life-style and mode of consuming."[18] This is not only a matter of ecological sanity but of connecting consumers to decisions about what is produced, the development of capacities for diverse enjoyments rather than the consumption of homogenized commodities, and the expansion of accessible and generally more egalitarian spheres of public and collective consumption.

4. *Alternative ways of living.* The household as a space where glimpses of socialist capacities are afforded suggests that experiments with more communal forms of living that have the potential of extending "intense, affectional bonds" to a broader supportive community beyond the nuclear family and other forms of household relations, can provide "a compelling point

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of entry for a prefigurative politics which proposes new kinds of sharing relationships and new kinds of public places."[19]

5. *Socializing markets.* Bringing decisions about capital allocation into the democratic public sphere, alongside transformations in modes of consumption and ways of living, allows us "to envision ways of reclaiming and transforming markets and money, so that they become a means of facilitating mutually beneficial exchange based on a mutually beneficial division of labour in an economy with an egalitarian distribution of economic power."[20] Only these kinds of markets and social relations will allows us to escape the steel bonds of competition that entrap so much of what passes for utopian thinking today.

6. *Planning ecologically.* The socialist project means developing the capacities within each state for the democratic allocation of time and resources and the quantitative and qualitative balance between production and consumption. The goal is to "maximize the capacity of different national collectivities democratically to choose alternate development paths ... that do not impose externalities (such a environmental damage) on other countries, by re-embedding financial capital and production relations from global to national and local economic spaces."[21]

7. *Internationalizing equality.* Envisioning this type of planning at the national level means developing international alliances and, eventually, an international system that facilitates rather than undermines these efforts. In turn, developing the consciousness and capacities that allows for the building of egalitarian social relations within states must include a growing commitment to a solidaristic transfer of resources from rich to poor countries and to facilitating the latter's economic development via common struggles to transcend geopolitical barriers to the development of socialist capacities. This not only means recognizing the existence of contemporary imperialism but coming to terms with the "geographical conditions and diversities" of working-class existence and learning how to "arbitrate and translate" between these diversities and spacial scales in reviving socialist politics.[22]

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8. *Communicating democratically.* Socialists need to give priority to developing a vision and strategy for a diverse, pluralist communications media in place of the commodified market-driven media today. Diverse media allows for the capacities for intelligent, collective dialogue to grow and nurtures the opportunity for rich cultural development. "For a renewed collective debate about the fundamental principles of social organization to be possible, and for a new socialist project to be articulated and get a hearing, a new media order is needed." [23]

9. *Realizing democracy.* The whole point of a socialist project conceived in terms of developing individual and collective capacities is to make the deepening and extension of democracy viable. This entails the most serious commitment to conceiving and trying to establish the types of representation and administration that contribute to breaking down the organizationally reinforced distinctions between managers and workers, politicians and citizens, leaders and led, and to overcoming the barriers that separate what we are from what we might become.

10. *Omnia sint communia.* Progressive intellectuals in our time have devoted enormous energy to trying to get around what was obvious to many pre-Marxist utopians: that you simply cannot have private property in the means of production, finance, exchange, and communication and at the same time have an unalienated, socially just, and democratic social order; and that you cannot begin to approach a utopia on the basis of the acquisitive and competitive drive. There is no way of rekindling socialist imagination so long as this basic principle is obscured, not least because doing so avoids all the difficult questions about making democratic collectivist capacities into real potentialities.

Overcoming pessimism means, above all, apprehending what the very power of capital is inadvertently proclaiming as it overruns, subordinates, and narrows every aspect of our lives—that capitalism is "the wrong dream," and that only an alternative that is just as universal and ambitious, but rooted in our collective liberating potentials, can replace it. The real

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challenge before us is not to contract, but to expand, utopia's inspirational and visionary function.

NOTES

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BOOKS

Restoring Memory

by Ali Shehzad Zaidi

Eileen Welsome, *The Plutonium Files* (New York: Dial Press, 1999), 564 pages, $26.95.

It is fitting that the "Atomic Century" draw to a close with the publication of *The Plutonium Files*. A decade in the making, Eileen Welsome's book explores the secret human radiation experiments that grew out of the U. S. atom bomb program. Carried out under the auspices of the Atomic Energy Commission (AEC), the Department of Energy's predecessor, the experiments were designed to help determine atom bomb plant safety standards and to replicate nuclear battlefield conditions. As a result, thousands of hospital patients and servicemen were unknowingly exposed to dangerous levels of radiation.

What Columbia University's David Rothman has called "the triumph of laissez-faire in the laboratory" took the form of deceptive or coercive medical practices that harmed patients at prestigious research universities and government institutions throughout the United States. At Vanderbilt University, pregnant women were given "cocktails" containing radioactive iron. Some of their fetuses developed fatal cancers as children. At the University of Cincinnati, hospital patients (two-thirds of whom were African Americans) were given high doses of

Ali Shehzad Zaidi writes on higher education in New York. His last essay for *Monthly Review* appeared in vol. 51., no. 4 (September 1999).

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"Total Body Irradiation" that resulted in bone marrow failure, organ damage, precipitous drops in blood counts and, often, premature death. Prisoners in state penitentiaries in Oregon and Washington had their testicles irradiated, resulting in lowered sperm counts and, frequently, sterility. Researchers lured children at the Fernald State School in Massachusetts into a "science club," and then fed them radioactive cereal. At the University of Rochester, radioactive substances (including plutonium, uranium, and polonium) were injected into unsuspecting hospital patients. The uranium experiment was designed to determine the minimum dosage at which renal dysfunction would occur.

The subjects for these experiments were typically the most disadvantaged of American society. "Women, children, unborn fetuses, minorities, the mentally retarded, schizophrenics, prisoners, alcoholics, and poor people of all ages and ethnic groups were targeted," writes Welsome. The extent of the atmospheric nuclear testing was such that, as one serviceman put it, "everyone is a downwinder."

The task of the historian with regard to these past events is a difficult one. Destruction of the files of the AEC's Intelligence Division continued until as recently as 1989, and even the records of destruction were themselves destroyed. What documents remain are full of gaps and redactions, making the re-creation of AEC activities akin to a jigsaw puzzle full of missing pieces. The documents consist of exchanges among a closed circle of scientists and AEC personnel and often require technical expertise to understand fully. The scientists who carried out the experiments have sought to cover up their responsibility for their actions. When interviewed, they suffered from amnesia or simply dodged the questions.

The wonder is that these experiments remained hidden for so long. This is, in the words of the poet Daud Kamal, "the lack that rends." It is a measure of Welsome's perseverance that she restored personalities and names to the human subjects who were referred to in documents by code numbers. Her 1993 Pulitzer-winning series in the *Albuquerque Tribune* divulged the identities of many of the plutonium-injection patients. Primar-

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ily as a result of her articles, President Clinton convened an Advisory Committee to look into the human radiation experiments, in order to determine whether they met scientific and medical standards of the time.

Welsome credits Hazel O'Leary for expediting the release of documents pertaining to the radiation experiments and for canceling fifteen underground nuclear tests shortly after she took over as Energy Secretary in 1993. Welsome believes, however, that the Advisory Committee "didn't have the political will or the desire to thoroughly probe the Cold War experiments." Thus, the committee failed to find any individual or institution responsible for the experiments, to call for a ban on intentional releases of radioactive material into the environment, or to recommend medical monitoring for the thousands who participated in the experiments. Coming only two hours before the verdict in the O. J. Simpson trial, Clinton's public apology received little notice. As Welsome observes, "Not even the clever doctors of the Manhattan Project could have dreamed up such a diversion."

Welsome's evocation of the New Mexico landscape recalls the unfulfilled promise of our world. Pulsating beneath her narrative is the remembrance of what Eduardo Galeano calls "what the world wanted to be before it ever was." At Los Alamos, writes Welsome, "the skin of the world felt so thin it seemed that a bigger reality were about to break through." Now the region is contaminated with uranium, strontium-90, mercury, and plutonium.

The Plutonium Files belongs on the desk of every legislator, university president, and research laboratory scientist in the United States. It is the definitive statement on the harm wrought by our 5.8 trillion dollar investment in nuclear arms. "Let the lessons of history remind us all that the best safeguard for the future is an informed and active citizenry," concluded the Advisory Committee in its 1995 final report. For such a safeguard to exist, the culture of secrecy built around the military establishment and intelligence agencies must end. Welsome's book is a singular invigoration of our collective memory.

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Atomic Mayhem in South Asia

by Vijay Prashad

N. Ram, *Riding the Nuclear Tiger* (New Delhi: LeftWord Books, 1999); *Signpost no. 1: Issues that Matter*, 120 pages, paperback (available from LeftWord, 12 Rajendra Prasad Road, New Delhi 110001; phone: 011 91 11 335 9456; email: LeftWord@vsnl.com); Praful Bidwai and Achin Vanaik, *New Nukes: India, Pakistan and Global Nuclear Disarmament* (New York and Amherst: Interlink Publishing, 2000), 288 pages, $17.95, paperback.

By bullet or ballot, the Indian and Pakistani States had, by late 1999, committed themselves to the votaries of the right. In India, an election returned a vast alliance dominated by the Hindu right, while in Pakistan, the generals resort to a *coup d'etat* against a corrupt but democratically elected regime. Some would like to see these developments as the natural condition of postcolonial societies at the other end of the imperialist chain. This is inadequate, principally because, despite the frequency of instability, both India and Pakistan have

Vijay Prashad is Assistant Professor of International Studies at Trinity College in Connecticut and contributed to *Monthly Review* in 1994 and 1998.

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produced regimes capable of resilience (but not always on the side of social justice). Current events in South Asia must, without a doubt, be seen in light of the watershed of May 1998, when the nuclear tests occurred that threw diplomatic and moral caution to the wind (including quite a large amount of radioactive dust). Most commentary on the tests remains at the level of the superficial, as we read reports of popular support and of the machinations of the international regimes *vis-à-vis* the two states. A few commentators offered balanced and reasoned analyses on these events. Among them are N. Ram (editor of *Frontline*), Praful Bidwai (columnist in *Frontline*), and journalist Achin Vanaik. Their books are a summation of much of what they said after the tests, plus their prognoses for the future. Bidwai and Vanaik's book is the longer of the two, written after not only the tests but also after the India-Pakistan conflagration in northern Kashmir (May through July 1999). Ram's text is short and punchy, shows remarkable foresight about the Kashmir conflict, and bears the scientific wisdom of his collaborator, physicist T. Jayaram (whose contribution allows laypeople into the crucial arcana of nuclear physics). Both books provide the right kind of introduction to a political universe befuddled with rumor and error, as well as sheer mendacity from the powers that be.

Nuclear bombs enhance the power of the right to dominate society. This was so in the United States, where the state arrogated vast powers to itself in the name of atomic secrecy.[1] It justified this secrecy on the grounds that it was necessary for deterrence against an antidemocratic enemy (in true Orwellian style). Since an "essential aspect of the theology of deterrence" is to allow "one's population to be hostage to the nuclear weapons," then those who speak in the name of the people commit an act of immense bad faith in our name (Ram, 38). If nuclear bombs deter nuclear wars, then why have the bombs in the first place; why, logically, should two sides need to keep arsenals to ensure that they are never used? Nuclear bombs certainly do not deter conventional wars, since the nuclear age continues to be littered with the detritus of conflict. The original sin of Hiroshima produced a theology called

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deterrence, which is an opiate not to wash away the worries of poverty but to promote an authoritarian and militaristic state. "Coming from a warm country," Nehru said at the United Nations (UN) on October 3, 1960, "I have shivered occasionally from these cold blasts." By 1999, those blasts had emanated from the subcontinent as well. The right in India, the military in Pakistan, and democratic authoritarianism in the United States are all examples of the logic of nuclearism.

But deterrence across the Indo-Pak border demands far stricter standards than that assumed for the United States-USSR. Among other limitations, the minuscule warning time means that the military on both sides will remain on hair-trigger alert. Bidwai and Vanaik demonstrate how neither India nor Pakistan possesses the infrastructure for deterrence, nor can they currently afford to build such a costly infrastructure without the creation of massive famine. Both India and Pakistan lack an acceptable early warning system to offer each other the comfort of deterrence. Rather than take shelter in the topsy-turvy hope of mutual assured destruction (MAD), each side will, if nuclear weapons enter the arsenal, await a first-strike from the other. Any error in the instruments may result in an accidental, but nonetheless deadly, release of nuclear missiles. In the event of nuclear exchanges, both books draw from the work of nuclear physicist M. V. Ramana, who shows that "neither Pakistan or India will be spared the effects of the fall-out of radioactive material." (Ram, 30) As a response to this dilemma, the Indian government put forth the theory of the "minimum credible deterrent," but what is not clear is what is minimum or what is credible. When challenged, the government argued that minimum did not refer to the number of warheads, since that must remain flexible. "Such a posture," T. Jayaram notes, "is obviously not conducive to avoiding an arms race or developing a restraint regime with Pakistan since it leaves unclear what India seeks to build by way of a nuclear arsenal."[2]

If the theology of deterrence is out, then what was the purpose of the tests? There is even a suggestion that these tests represent "trivial science" (Ram, 60), that the Indo-Pak claims

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to be nuclear powers is hollow. If these powers can only "pseudo-weaponise" (Ram, 76), then should we be less worried about the situation in South Asia? On the contrary, the mere possibility of the existence of nuclear weapons is sufficient to create all manner of political instability in the region. The theology of deterrence relies upon the belief that the enemy may fire a nuclear missile, so that the perception bears enormous power. All the failures of deterrence will remain whether India or Pakistan have real bombs or not. It is the nature of these failures and what they have caused that produces the most alarm.

General Pervez Musharraf, Chief of Army Staff in Pakistan and main leader of the October 1999 coup, noted after the May 1998 tests that "Pakistan is talking to India on an equal basis. We are not talking to India from a weak position." (Ram, 62) India' conventional weapons advantage in the subcontinent was rendered useless by the Pakistani tests. In January 1999, Musharraf (who has close ties to the Talibanist Lashkar-e-Taiba) announced on the Siachen Glacier that Pakistan's defense had become"impregnable," a reference to the nuclear capability.[3] Prior to the tests, in 1987 and 1990, India and Pakistan defused two serious crises on the border. The Kargil (northern Kashmir) conflict of 1999 reveals the instability of atomic diplomacy; indeed, the consolidation of the Hindu right in India and the military coup are further illustrations of both instability across borders and authoritarianism within them (the hallmark of atomic diplomacy).[4] Ram, as well as Bidwai and Vanaik, underscores the illusion of security, indeed the intensification of insecurity, in the vise of atomic diplomacy.

Ram, Bidwai, and Vanaik, agree in broad strokes that the main culprit for the instability is the Hindu right within India, that the Pakistani feudal elite and military responded to a rather unpleasant situation. Unlike Itty Abraham, these authors believe that in the five decades before May 1998, the Indian Foreign Office produced a notable history of antinuclear policy. Shifts in that policy came, no doubt, but the main principle of disarmament was reiterated as recently as 1985, by Rajiv Gandhi. The accomplishment of the Hindu right,

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Ram argues, was "to make a mockery of [India's] longstanding policy" against nuclear bombs. Indeed, both India and Pakistan went to Washington to beg the nuclear elite (the United States, France, the United Kingdom, Russia, and China)—the "discriminators,"—to recognize them as "minor players," as "junior partners of the United States, in fact." (Ram, 54) Bidwai and Vanaik offer a fine chapter on the shifts within the Indian position, but all along keep clear that the Rubicon was only crossed under the watch of the Hindu right. (We await Zia Mian's work on Pakistan's history with nuclearism and disarmament.)

Both books agree on most of what I have thus far presented. The main disagreement comes in the tactical approach to nuclearism in the subcontinent. Bidwai and Vanaik have been the most consistent champions of a form of unilateral refusal to participate in the nuclear gambit—a position that means that India should sign the Comprehensive Test Ban Agreement (CTBT) immediately. Ram, like much of the Indian Left, holds that the Discriminatory Global Nuclear Bargain (DGNB) is set up in such a way that to sign treaties like the CTBT does little for disarmament. On the contrary, the CTBT as it stands now might perpetuate the DGNB with the nuclear elite—smug in their military dominance over the rest of humanity. Nehru, at the UN in 1960, noted that the question of priorities between disarmament and control would only come in if the treaties under discussion "have controls of existing armaments and thus in a way to perpetuate those armaments. It must therefore be clearly understood that disarmament and a machinery for control must go together, and neither of these can be taken up singly." As the United States fails to ratify the CTBT, one gets a sense from the debate in Congress that both sides of the aisle see the CTBT in the one-sided manner noted by Nehru. There was only a worry about the proliferation of nuclear bombs to other powers—not one major speech in favor of the CTBT as an instrument of disarmament. The Bidwai-Vanaik position, however moral, should give us pause as we eavesdrop on the powers that be.

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Bidwai and Vanaik follow Jonathan Schell's assumption that the bulk of humanity looks forward to a nuclear-free world. Despite the end of the Cold War, we are now not that far from the days of a nuclear winter. A set of physicians reminded us recently that U.S. and Russian weapons remain on high alert. An accidental rapid launch, by, say, a Russian submarine would kill 6,838,000 people.[5] U.S.-NATO engagements in central and eastern Europe draw the nuclear Maginot Line between Russia and the United States more firmly than ever. In June 1997, the Russians, NATO, and the United States signed a Founding Act to assure the Russians that the U.S.-NATO alliance would not deploy nuclear weapons in the Czech Republic, Poland, and Hungary (the new NATO members). With NATO's expansion into Yugoslavia, there is considerable evidence that the tension between the Russians and U.S.-NATO will increase rather than subside. With NATO's eastward march, the principal Russian cities are now within range of precision-guided conventional missiles, putting under threat the illusion of deterrence in that sector. In 1997, Nikolai Sokov (Minister of Foreign Affairs in Russia at the time) noted that "there is a very clear perception in Russia that under current conditions the only feasible military response to NATO expansion is the deployment of additional numbers and types of tactical nuclear weapons."[6] There are few indicators that the nuclear elite foresee disarmament in the near future. Bidwai and Vanaik use opinion polls within the West to show that the population does not favor nuclear weapons, but this is a disorganized population that will need to be united if their desires are to make any kind of impact on the states. For instance, the CTBT discussion in the United States came and went without any public deliberations, a sure sign that the opinions of the masses (whether polled or not) were irrelevant to a rather smug ruling elite. For India and Pakistan to sign the CTBT, then, may seem to be a morally necessary act but it may be tantamount to a political capitulation to the DGNB regime. This is something that Bidwai and Vanaik do not take up in their book.

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NOTES

1. The current anti-Chinese American "spy scandal" is an extension of the right's attempt to use "secrecy" as a weapon against immigration, the rights of migrant technical workers, the free movement of people, and other such things.
2. T. Jayaram, "A Destabilising Misadventure," *Frontline* 26, February 1999, p. 90.
3. On Musharraf, see Ahmed Rashid, "Raise the Crescent," *Far Eastern Economic Review*, December 3, 1998, and Amit Baruah, "Sharif Confirms Development of Shaheen Missile," *The Hindu*, January 30, 1999.
4. Praveen Swami, *The Kargil War: Chronicle of a War Foretold* (New Delhi: LeftWord, 1999). This volume is the second in the Signpost series from LeftWord. Ram's book was the first. It provides an excellent overview of the political dimensions of the conflict as well as the imbroglio over Kashmir.
5. Lachin Forrow, et. al., "Accidental Nuclear War: A Post-Cold-War Assessment," *The New England Journal of Medicine*, vol. 338, no. 18, April 30, 1998, pp. 1326-1331.
6. Tim Zimmerman, "Russia's Ace in the Hole," *US News & World Report*, June 2, 1997.

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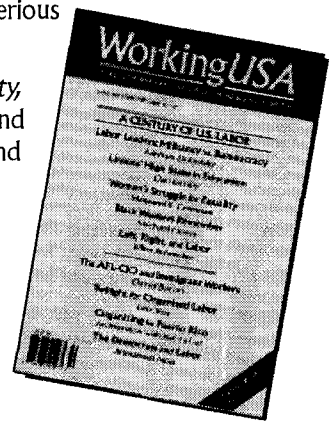

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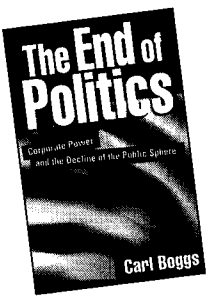

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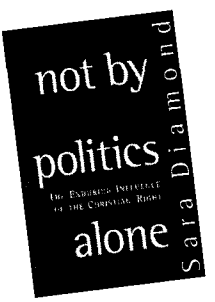

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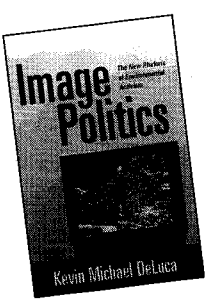

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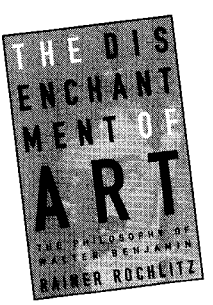

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depended on keeping this boy away from his father in Cuba? If what happened to this child weren't so heartrendingly sad, if the behavior of his emigré relatives wasn't so cruel and even criminal, and if the antics of some U.S. politicians (not to mention judges or nuns) weren't so scandalously irresponsible, it would be hard to keep a straight face.

To us, this almost unbelievable story is symptomatic of (among other things) the complete debasement of mainstream political discussion, the shallowness and hypocrisy that passes for politics, in the United States. This is a country where public debate about burning substantive issues is, as we all know, practically nonexistent. Instead of, say, health care we get "family values." Whatever other historical reasons there may be for this, the Cold War, with its effective prohibition of dissent, has to take a large proportion of the blame for the now long-standing and deeply ingrained habit of avoiding real political debate about real issues, and its replacement by the politics of empty symbols and moralistic gestures.

Elián Gonzáles has had the misfortune of getting caught up in the lingering Cold War in more ways than one.

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(continued from inside front cover)

crats, those political donations weren't meant to line his pockets (something that even his harshest critics seem to accept) or even to further party-political interests. His own political career and the dominance of his party were meant to serve a larger cause: protecting Europe in particular, and the world in general, from communism.

That, in fact, was a self-professed and commonly perceived function of center-right parties not just in Germany but elsewhere in continental Europe. The "collapse of communism" has pretty much deprived those parties of that function and their special place in European politics. German Christian Democracy may now go the same way as its Italian counterpart did a while ago.

Christian Democracy—in sharp contrast, say, to conservatism in the United States—at least had some basic commitment to a "social" market, to certain principles of social welfare and labor standards, and in Germany, up to a point, even to "co-determination." With strong Communist parties in some parts of Western Europe "before the fall" or, in West Germany, with communism on its very doorstep, concessions like that no doubt seemed indispensable, in order to maintain a bulwark against communism. Once that motivation had gone, capital was free to choose more unfettered expressions.

At a time when the old Christian Democracy no longer has its main reason for existence, even social democrats in Europe have gone down the "free" market road of neoliberal "globalization." In these circumstances, it's not inconceivable that various kinds of disaffection may find even more sinister, extreme right outlets. Although Germany, unlike Austria, seems to have some deeply rooted resistances to this kind of development, the fact that the Freedom Party of Joerg Haider in Austria got a larger share of working-class votes than any other party, including the Social Democrats, is not unrelated to the European changes we've been talking about.

Sooner or later, better political options will have to emerge, but one way or the other, Germany seems to be in the throes of a political realignment, as the Cold War legacy shakes out. The disgrace of Helmut Kohl, a classic creature of the Cold War, is just another symptom.

In the United States, of course, the politics of the Cold War has played itself out very differently. We don't intend to go over that familiar ground here, or to repeat what every MR reader knows all too well about the role of Cuba in the demonology of the Cold War in the United States. But it's worth commenting on one aspect of the latest bizarre chapter in U.S.-Cuban relations (apart from the transparently cynical abuse of that young child by right-wing emigrés).

It's obvious that the fate of Elián Gonzáles, like that of Helmut Kohl, has been shaped by the Cold War and its tenacious legacy. But it has been shaped in a way unique to the United States. We think we can safely say that nowhere else in the world could anything like this happen. People in other countries who are used to politics being about something real, however awful, must surely be mystified by this spectacle.

This is a uniquely U.S. story—not because it's uniquely evil (though it's more than bad enough) but because it's uniquely absurd. Maybe by the time MR readers see these Notes, the matter will have been resolved. But however it ends, we still have to ask how anyone could take seriously the claims of Elián's Miami relatives—with the possible exception of the police, who ought to have locked them up for kidnapping? How could Congress give them credence? How did this become a political issue, as if the welfare of the nation

(continued on page 64)

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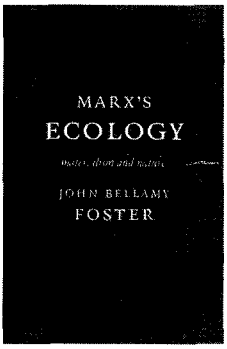

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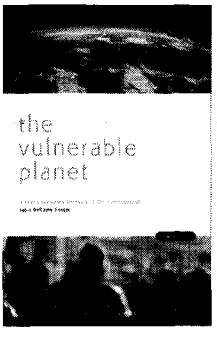

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